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### **Montana sues online travel companies over lodging facility taxes**

(Helena) - The State of Montana is alleging in a lawsuit that it has been cheated out of millions of dollars in state lodging facility taxes. The Montana Department of Revenue filed the lawsuit today in Lewis and Clark County District Court, suing for back taxes from Priceline.com, Expedia, Orbitz, Travelocity.com and other online travel reservation companies that offer discount hotel rooms.

The lawsuit alleges the companies collect taxes from travelers that are calculated from the retail room rates and only pay the state taxes on the wholesale rates. The lawsuit also alleges that Montana never receives this additional tax revenue collected from the travelers and that it is kept by the companies.

The Montana lawsuit is the latest against the online travel industry. Dozens of state and local governments across the nation have been auditing and filing lawsuits asking online travel companies to collect and pay the correct lodging taxes. A year ago, Florida became the first state to sue the online travel companies. Oklahoma filed a lawsuit last week. San Antonio and other Texas cities last year won \$20 million in their 2006 lawsuit against Expedia and other companies.

State lodging tax revenue is divided between tourism promotion and the general fund.

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**Available Graphics:** A map depicting lawsuit locations may be found at <http://revenue.mt.gov/files/state-local-lawsuits-online-travel-companies.pdf>. Our research shows that there have been 68 lawsuits filed in 22 states to date.